

***“DRAFT”***

**Washington State Real Estate Appraiser Commission  
REGULAR MEETING MINUTES**

**DATE:** May 19, 2006

**TIME:** 12:30 P.M.

**PLACE:** Tri-City Association of Realtors  
7151 W. Clearwater Ave  
Kennewick, Washington

**MEMBERS**

**PRESENT:** Cheryl K. Farivar, Vice Chair  
Dean Potter, Commissioner  
John P. Fredrickson, Commissioner  
Michael Lightbourne, Commissioner  
Stephen Juntila, Commissioner

**MEMBERS**

**ABSENT:** Mary Bandy, Commissioner  
Brent Palmer, Chair

**STAFF**

**PRESENT:** Ralph Birkedahl, Program Manager  
Joan Robinson, Professional Licensing Manager  
Lee Malott, Administrator

**INTRODUCTORY BUSINESS**

**1. CALL TO ORDER**

Cheryl Farivar, Vice Chair, called the Real Estate Appraiser meeting to order at 12:30 pm.

**1.1 Approval of November 18, 2005 and February 17, 2006 Meeting Minutes:**

**MOTION:** It was moved and seconded to approve the November 18, 2005 and February 17, 2006 meeting minutes as published. Motion passed.

**1.2 Approval of Agenda:**

**MOTION:** It was moved and seconded to approve the agenda as published with the addition of the topic regarding continuing education credits, (for discussion only), under New Business. Motion passed.

**2. REPORTS**

**2.1 State of the Program:**

Ralph Birkedahl reported on the state of the program to include the functional areas of the program and statistics relating to licensing transactions and investigations. He also reported that David Jones joined the program as the Office Assistant for the Real Estate Appraiser Trainee registration. The current number of Real Estate Appraiser Trainee's is four hundred eighty (480) and the Appraisers are at three thousand (3,000).

**ACTION:** Ralph Birkedahl to send a copy of the field review letter received by the department from Jenny Tidwell, Policy Manager for the Appraisal Subcommittee, to all Commission members.

**2.2 Education Work Group:**

Michael Lightbourne reported that the Education Work Group made a decision to request implementation by staff of the Instructor Approval Program.

Mr. Lightbourne stated there is now a subgroup to the Education Work Group. The Course Provider Group will be chaired by Commissioner Juntila. Mr. Juntila has requested volunteers for his work group.

Ralph Birkedahl stated that to initiate the Instructor Approval Program would require a rule change, which will take at least three (3) months. Mr. Birkedahl also said this would significantly increase the workload for staff.

**MOTION:** It was moved and seconded to recommend that the Department do what needs to be done to implement the Real Estate Instructor Approval Program.

**ACTION:** Modifications to the Real Estate Instructor application to be provided to Department of Licensing, (DOL) Real Estate Appraisers program from the Education Work Group.

**ACTION:** Sheridan Shaffer will communicate with Ralph Birkedahl regarding the Over-Site Work Group.

### 3. NEW BUSINESS

Cheryl Farivar asked staff for clarification as to the continuing education hours for attending Commission meetings.

Ralph Birkedahl stated that the Appraisal Subcommittee went to the Appraiser Qualifications Board (AQB) and asked the question and their interpretation is that you can only award continuing education credit for one meeting in a renewal period. Mr. Birkedahl suggested that we recommend to them that they apply a maximum number of hours and not a maximum number of meetings.

Ms. Farivar stated that Brent Palmer would follow up with the AQB regarding this recommendation. She also stated that Chair Palmer recommended that we have one of our Commission Meetings be an eight (8) hour meeting, possibly the August meeting in 2007.

#### 3.1 **Governor's Boards & Commissions Conference:**

Chair Palmer, who is absent from this meeting, attended the Governor's Boards & Commissions Conference.

**ACTION** Deferred to next Real Estate Appraiser Commission meeting.

#### 3.2 **Discussion on moving today's license level up to the 2008 certification standard:**

Cheryl Farivar reported there has been a request for the Commission to consider changing the license standard to Certified Residential, meaning that in essence we would be forcing all licensed appraisers to move into the Certified Residential category at the time of the 2008 regulation. The more this is discussed the more problems appear to surface. The question is can we do this fairly? Can we eliminate the licensed category?

Michael Lightborne stated that many licensed appraisers are working outside their license level and James Irish stated that the scope of practice needs to be strongly enforced.

Cheryl Farivar reported that she has had the discussion with Ralph Birkedahl and a way to achieve the elimination of the State Licensed Appraiser could be just not to offer the category to new applicants coming in to the appraiser program. The currently existing state licensed individuals could remain in the state licensed category and would eventually fall off through attrition.

James Irish said this subject would be a topic for discussion at the next Appraisers Coalition of Washington (ACOW) Meeting. ACOW will discuss as to whether they will want to take on a legislative change.

**ACTION:** Ralph Birkedahl will put out a statement on the appraiser website to remind everyone not to appraise over your license level. Mr. Birkedahl will contact Department of Financial Institutions (DFI) regarding what licensed appraisals they can accept and up to what dollar amount.

**3.3 Task Force draft position statement addressing comparable sale issue:**

Cheryl Farivar reported that Chair Palmer has verified that the AQB and the Appraisal Standards Board (ASB) will be writing a Frequently Asked Question (FAQ) regarding the comparable sale issue for nationwide distribution.

**ACTION:** This action item will be tabled for discussion at a later date after the FAQ is written.

**3.4 Number of appraisers in each category of licensure and the number of complaints per category:**

**ACTION:** Deferred to next Real Estate Appraiser Commission meeting.

**3.5 Examine scope of work:**

John Fredrickson reported that the Appraisal Standards Board has made it clear that departure will be eliminated this year from the valuation professional's vernacular, only to be replaced in importance by scope of work.

Scope of work includes but is not limited to the extent to which the property is identified; the extent to which tangible property is inspected; the type and extent of data researched and the type and extent of analyses applied to arrive at opinions or conclusions.

The scope of work decision drives the full range of activities in the appraisal development process. Departure Rule only applied to portions of the development process governed by specific requirement and having two overlapping processes that cause confusion.

The scope of work rule has three main points: Identify the problem to be solved; determine and perform scope of work necessary to develop credible assignment results; and, disclose the scope of work in the report.

In revising scope of work, the Appraisal Standards Board (ASB) has eliminated departure. Scope of work is the flexibility mechanism in Uniform Standards of Professional Appraisal Practice (USPAP) that allows appraisers to tailor each assignment as appropriate for the circumstances. A relatively new concept, it was first introduced into USPAP in 1999.

### **3.6 Supervisors signing as “did inspect”:**

Michael Lightbourne read a written statement that it has been brought to his attention that it is common practice for supervisors to sign, “did physically inspect the interior of the subject” without having been present with the trainee. Mr. Lightbourne stated that this practice results in a fraudulent report and would violate USPAP as well as local, state and federal law.

Mr. Lightbourne recommended that the department send out a notice to all trainees, licensed, and certified appraisers that state the department will not approve an application for licensing or certification if it is determined that an applicant has permitted fraudulent appraisals and/or reports to be provided to their clients.

Second, he recommended that effective immediately all applicants for licensing or certification as an appraiser will note on the submitted experience log, all properties that were marked as physically inspected by the supervisor.

Third, when applicants and/or their supervisory appraiser, when called for, will provide the name and phone number of the property owner, the lender and the person giving the appraiser access to the property. The department will do random checks to confirm who did physically inspect the property.

**MOTION:** It was moved and seconded to have Ralph Birkedahl look at how Michael Lightbourne’s written statement can be implemented administratively.

### **3.7 Trainee registration prerequisites:**

A letter from Chuck and Wendy Munson was distributed and Michael Lightbourne expressed concerns about the initial implementation of the registered trainee program which forced many trainees to scurry to get course work to apply for registration as a trainee.

The letter from the Munson’s’ proposed that the department allow the option of taking the required courses within the first year of registration.

The Munson’s’ are asking that the department and Real Estate Appraiser Commission consider amending WAC 308-125-025 to allow the classes now

required, to be taken within the first year of registration, rather than prior to registration. They believe amending the regulations to permit trainees to achieve the education requirements during the first year of registration will strengthen the educational opportunities for trainees, while maintaining the other protections of the Trainee Program.

#### **4. OPEN FORUM**

Ralph Birkedahl to include the AG Advisor for the next meeting and all future meetings.

Gary Abbott addressed the issue of appraiser review. Mr. Abbott would like to have the commission consider looking at some licensing requirements for review appraisers.

Jim Girardot summarized all that he heard throughout the meeting and commented that he was very pleased with the meeting.

Jim Irish asked for a budget and finance report and requested the report be provided for all future meetings.

Mr. Irish also stated that RCW 18.140.020 (3) Use of title by unauthorized person says "No person, other than a state-certified, state –licensed real estate appraiser, or a state-registered trainee may assume or use that title, or any title, designation, or abbreviation likely to create the impression of certification, licensure, or registration as a real estate appraiser by this state" and part of our protection of the public should be adhering that these are strictly used terms.

Tom Thompson thanked the Appraisal Commission for taking the time to come to Kennewick.

**5.     ADJOURNMENT**

There being no other business, the meeting was adjourned by Vice Chair Farivar at 4:00p.m.

Submitted by:

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Ralph C. Birkedahl  
Program Manager

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Date

Approved by:

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Brent Palmer  
Commission Chair

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Date